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FISCAL IMPACT STATEMENT

LS 6981

BILL NUMBER: SB 335

NOTE PREPARED: Jan 1, 2005

BILL AMENDED:

SUBJECT: Department of Tourism.

FIRST AUTHOR: Sen. Simpson

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill terminates the transfer scheduled for July 1, 2005, of the tourism and community development functions of the Department of Commerce to a Department of Tourism and Community Development. The bill establishes the Department of Tourism and transfers tourism functions of the Department of Commerce to the Department of Tourism. The bill also transfers Community Development Functions of the Department of Commerce to the Indiana Economic Development Corporation. It also replaces obsolete references to the Department of Commerce with references to the Indiana Economic Development Corporation, the Office of Energy Policy, or the Department of Tourism, as appropriate. The bill also makes other changes.

Effective Date: July 1, 2005.

Explanation of State Expenditures: This bill changes the reorganization of tourism and community development functions and programs scheduled to occur July 1, 2005, under current statute. Under current statute, the Indiana Department of Commerce (IDOC) is abolished effective July 1, 2005, and at that time the Indiana Economic Development Corporation (IEDC) is established to administer the state's economic development programs. In addition, a Department of Tourism and Community Development is established July 1, 2005 to administer tourism and community development programs (see *Background* discussion below).

The bill changes the reorganization of tourism and community development functions by: (1) establishing a Department of Tourism under the direction of the Lt. Governor for all tourism programs currently under the IDOC; and (2) shifting all community development programs currently under the IDOC to the IEDC. The bill provides that the director of the Department of Tourism is appointed, and serves at the pleasure of, the Lt.

Governor. The bill also provides that the Director is an ex officio non-voting member of the IEDC Board. The organizational changes made by the bill are effective July 1, 2005, and are not expected to have a fiscal impact. Other changes made by the bill are as follows.

(1) Under the bill, the Tourism Information and Promotion Fund and the Tourism Marketing Fund will no longer be non-reverting funds (as is the case under current statute). As of December 31, 2004, the Tourism Information and Promotion Fund had a balance of \$342,030 (which was the balance at the end of FY 2004); and the Tourism Marketing Fund had a zero balance (which was the balance at the end of FY 2004).

(2) The bill eliminates the Tourist Information and Grant Fund Review Committee which reviews applications, and makes recommendations, for grants from the Tourism Information and Promotion Fund. The Committee currently serves without pay or reimbursement of expenses. Under the bill, the review and recommendation functions would be shifted to the Indiana Tourism Council.

(3) In addition to (2) above, the bill further expands the duties of the Indiana Tourism Council. Under the bill, the Council is required to: (a) recommend individuals for the Lt. Governor to consider for Director of the Department of Tourism, when that position is vacant; (b) recommend, when appropriate, the dismissal of the Director; and (c) review any matter related to the budget of the Department and make recommendations to the State Budget Agency about the Department's budget.

Background: P. L. 224-2003 established the IEDC and the IEDC Board, and transferred the responsibilities of the Indiana Department of Commerce (IDOC) relating to economic development in Indiana to the IEDC as of July 1, 2005. P. L. 224-2003 provided that the IEDC is a body politic and corporate, an independent instrumentality and not a state agency. P. L. 224-2003 transferred the current duties of the IDOC relating to economic development to the IEDC on July 1, 2005. P. L. 224-2003 also made the entities listed below subsidiaries of the IEDC with oversight of the subsidiaries beginning on July 1, 2005. (Note: P. L. 224-2003 also made the Indiana Venture Fund, which does not exist, a subsidiary of the IEDC.)

- (1) Indiana Small Business Development Corporation.
- (2) Indiana Economic Development Council.
- (3) Indiana Development Finance Authority.
- (4) Indiana 21st Century Research and Technology Fund.

P. L. 224-2003 also transferred the current duties of the IDOC relating to energy policy to a newly created Office of Energy Policy on July 1, 2005. P. L. 224-2003 also established a Department of Tourism and Community Development on July 1, 2005, and transferred the current IDOC duties relating to tourism and community development to this agency.

Under P. L. 224-2003, as changed by P. L. 63-2004, the IEDC Board beginning July 1, 2005, is to be comprised of the following members: (1) the Lt. Governor; (2) 15 members appointed by the Governor who are employed in, or retired from, the private or nonprofit sector; and (3) 7 members appointed by the Governor who are employed in, or retired from, the private or nonprofit sector, or from academia. For one appointment each under (2) above, the Governor must consider the recommendation of Speaker of the House of Representatives, President Pro Tempore of the Senate, House Minority Leader, and Senate Minority Leader. For one appointment each under (3) above, the Governor must consider the recommendation of the presidents of Indiana University, Purdue University, Indiana State University, Ball State University, Ivy Tech State College, Vincennes University, and the University of Southern Indiana. Under P. L. 224-2003, IEDC Board

members are entitled to a salary per diem equal to the per diem for members of the General Assembly for attending meetings. In addition, Board members are to be reimbursed for actual and necessary expenses on the same basis as state employees.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation; Lt. Governor; Tourist Information and Grant Fund Review Committee; Indiana Tourism Council.

Local Agencies Affected:

Information Sources:

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